

AMENDED IN SENATE MAY 1, 2006
AMENDED IN SENATE APRIL 24, 2006
AMENDED IN SENATE APRIL 6, 2006

SENATE BILL

No. 1672

Introduced by Senator Maldonado

February 24, 2006

An act to add Section 15438.9 to the Government Code, ~~and to add and repeal Sections 17053.87 and 23687 of the Revenue and Taxation Code,~~ relating to public health.

LEGISLATIVE COUNSEL'S DIGEST

SB 1672, as amended, Maldonado. Public health: health care technology systems: ~~tax credit~~: loans.

~~(1) Existing~~

Existing law authorizes the California Health Facilities Financing Authority to, among other things, make secured and unsecured loans to any participating health institution in connection with the financing of a project or working capital in accordance with an agreement between the authority and the participating health institution.

This bill would require the authority to establish a low-interest loan program to provide any participating health institution eligible health provider organization, as defined, or eligible licensed physician and surgeon, as defined, with financing for the costs of purchasing a health care information technology system, as defined. It would also require the authority, by January 1, 2009, and on an annual basis thereafter, to provide a report on the status and utilization of this loan program to the Assembly Committee on Health and the Senate Committee on Health.

~~(2) The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by those laws:~~

~~This bill would authorize, for taxable years beginning on or after January 1, 2007, and before January 1, 2012, a tax credit in an amount equal to 15% of the cost that is paid or incurred by a qualified taxpayer, as defined, during the taxable year for the purchase of health care information technology, as defined.~~

~~This bill would also require the Franchise Tax Board, by January 1, 2009, and on an annual basis thereafter, to provide a report on the utilization of the tax credit to the chairs and vice chairs of the Assembly Committee on Health, the Assembly Committee on Revenue and Taxation, the Senate Committee on Health, and the Senate Committee on Revenue and Taxation.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 15438.9 is added to the Government
- 2 Code, to read:
- 3 15438.9. (a) The authority shall establish a low-interest loan
- 4 program to provide any participating health institution, eligible
- 5 health provider organization, such as a medical group or
- 6 independent practice association, or eligible licensed physician
- 7 and surgeon, whose primary business is health care, with
- 8 financing for the costs of purchasing a health care information
- 9 technology system, ~~as defined in Sections 17053.87 and 23687 of~~
- 10 ~~the Revenue and Taxation Code.~~ Subject to the California
- 11 Constitution, the State General Obligation Bond Law (Chapter 4
- 12 (commencing with Section 16720) of Part 3 of Division 4), and
- 13 this part, moneys from the Health Facilities Financing Fund may
- 14 be used, upon appropriation by the Legislature, for purposes of
- 15 this program.
- 16 (b) For purposes of this section:
- 17 (1) “Eligible health provider organization” means a health care
- 18 provider organization that is established and operates on a
- 19 nonprofit basis.

1 (2) “Eligible licensed physician and surgeon” means a
2 physician and surgeon whose office or practice is established and
3 operates on a nonprofit basis.

4 ~~(e) A health institution, eligible health provider organization,~~
5 ~~such as a medical group or independent practice association, or~~
6 ~~eligible licensed physician and surgeon who receives a loan~~
7 ~~under this section is ineligible for a tax credit under Sections~~
8 ~~17053.87 and 23687 of the Revenue and Taxation Code.~~

9 (3) *“Health care information system” means information*
10 *technology purchased by a qualified taxpayer that will aid in the*
11 *provision of health care in a health care setting, including, but*
12 *not limited to, health care information technology that deals with*
13 *the storage, retrieval, sharing, and use of health care*
14 *information, including electronic health records, electronic*
15 *prescription drug administration, and computerized physician*
16 *order entry that permits the electronic ordering of diagnostic and*
17 *treatment services. For purposes of this paragraph, “health care*
18 *information technology” does not include information*
19 *technology whose sole use is for maintenance of inventory of*
20 *basic supplies or appointment scheduling.*

21 ~~(d)~~

22 (c) On or before January 1, 2009, and on an annual basis
23 thereafter, the authority shall provide a report on the status and
24 utilization of the loan program, described in subdivision (a), to
25 the respective chairs and vice chairs of the Assembly Committee
26 on Health and the Senate Committee on Health.

27 ~~(e) The authority, on an annual basis, shall provide a list of~~
28 ~~loan participants to the Franchise Tax Board for purposes of~~
29 ~~administering the tax credits authorized by Sections 17053.87~~
30 ~~and 23687 of the Revenue and Taxation Code.~~

31 SEC. 2. ~~Section 17053.87 is added to the Revenue and~~
32 ~~Taxation Code, to read:~~

33 ~~17053.87. (a) For each taxable year beginning on or after~~
34 ~~January 1, 2007, and before January 1, 2012, there shall be~~
35 ~~allowed as a credit against the “net tax,” as defined in Section~~
36 ~~17039, an amount equal to 15 percent of the cost that is paid or~~
37 ~~incurred by a qualified taxpayer during the taxable year for the~~
38 ~~purchase of health care information technology.~~

39 ~~(b) For purposes of this section:~~

~~(1) “Health care information technology” means information technology purchased by a qualified taxpayer that will aid in the provision of health care in a health care setting, including, but not limited to, technology that deals with the storage, retrieval, sharing, and use of health care information, including electronic health records, electronic prescription drug administration, and computerized physician order entry that permits the electronic ordering of diagnostic and treatment services. “Health care information technology” shall not include information technology whose sole use is for maintenance of inventory of basic supplies or appointment scheduling.~~

~~(2) “Qualified taxpayer” means a for-profit or nonprofit health institution, health facility, hospital, long-term care facility, health provider organization, such as a medical group or independent practice association, or licensed physician and surgeon whose primary business is health care.~~

~~(c) A qualified taxpayer who is allowed a tax credit under this section is ineligible for a loan under Section 15438.9 of the Government Code.~~

~~(d) In the case where the credit allowed under this section exceeds the net tax, the excess credit may be carried over to reduce the net tax in the following year, and succeeding taxable years, if necessary, until the credit has been exhausted.~~

~~(e) On or before January 1, 2009, and on an annual basis thereafter, the Franchise Tax Board shall provide a report on the utilization of the tax credit described in this section to the chairs and vice chairs of the Assembly Committee on Health, the Assembly Committee on Revenue and Taxation, the Senate Committee on Health, and the Senate Committee on Revenue and Taxation.~~

~~(f) This section shall remain in effect only until December 1, 2012, and as of that date is repealed.~~

~~SEC. 3. Section 23687 is added to the Revenue and Taxation Code, to read:~~

~~23687. (a) For each taxable year beginning on or after January 1, 2007, and before January 1, 2012, there shall be allowed as a credit against the “tax,” as defined in Section 23036, an amount equal to 15 percent of the cost that is paid or incurred by a qualified taxpayer during the taxable year for the purchase of health care information technology.~~

1 ~~(b) For purposes of this section:~~

2 ~~(1) “Health care information technology” means information~~
3 ~~technology purchased by a qualified taxpayer that will aid in the~~
4 ~~provision of health care in a health care setting, including, but not~~
5 ~~limited to, technology that deals with the storage, retrieval,~~
6 ~~sharing, and use of health care information, including electronic~~
7 ~~health records, electronic prescription drug administration, and~~
8 ~~computerized physician order entry that permits the electronic~~
9 ~~ordering of diagnostic and treatment services. “Health care~~
10 ~~information technology” shall not include information~~
11 ~~technology whose sole use is for maintenance of inventory of~~
12 ~~basic supplies or appointment scheduling.~~

13 ~~(2) “Qualified taxpayer” means a for-profit or nonprofit health~~
14 ~~institution, health facility, hospital, long-term care facility, health~~
15 ~~provider organization, such as a medical group or independent~~
16 ~~practice association, or licensed physician and surgeon whose~~
17 ~~primary business is health care.~~

18 ~~(c) A qualified taxpayer who is allowed a tax credit under this~~
19 ~~section is ineligible for a loan under Section 15438.9 of the~~
20 ~~Government Code.~~

21 ~~(d) In the case where the credit allowed under this section~~
22 ~~exceeds the tax, the excess credit may be carried over to reduce~~
23 ~~the tax in the following year, and succeeding taxable years, if~~
24 ~~necessary, until the credit has been exhausted.~~

25 ~~(e) On or before January 1, 2009, and on an annual basis~~
26 ~~thereafter, the Franchise Tax Board shall provide a report on the~~
27 ~~utilization of the tax credit described in this section to the chairs~~
28 ~~and vice chairs of the Assembly Committee on Health, the~~
29 ~~Assembly Committee on Revenue and Taxation, the Senate~~
30 ~~Committee on Health, and the Senate Committee on Revenue~~
31 ~~and Taxation.~~

32 ~~(f) This section shall remain in effect only until December 1,~~
33 ~~2012, and as of that date is repealed.~~